

Financial Literacy among Urban Dwellers in Addis Ababa, Ethiopia

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Abstract

Financial literacy enables individuals to make optimal personal financial decisions in their lives. The objective of this study was to measure and describe financial literacy across demographic characteristics of urban dwellers in Addis Ababa, Ethiopia. For the purpose primary data were collected from a sample of 402 individuals in Addis Ababa Ethiopia. The results of the study showed more than half of the sample found to have a moderate to high levels of financial literacy, but the remaining with low level of financial literacy demands financial education intervention. The results from one way between subjects ANOVA showed statistically significant financial literacy difference by gender, age, level of education, employment status and availability of sustainable income in the household. And a lower level of financial literacy was observed among female and respondents in younger and older age, low education level, unemployed, and no sustainable income categories. The study suggests the need for financial education to urban dwellers in Addis Ababa and other parts of Ethiopia. Financial education policy and programs should also target groups identified with low level of financial literacy.

Keywords: Financial Literacy, Financial Knowledge, Financial Attitude, Ethiopia

1. Introduction

Financial literacy becomes a topical issue in academic and policy circles, both in developed and developing countries, for the fact low level of financial literacy prevailing across the world resulted in suboptimal personal financial decisions having adverse consequences for individual/households, financial sector and the entire economy. Financial illiteracy is also considered as the demand side reversal for financial sector deepening. The Organization for Economic Cooperation and Development (OECD) defined financial literacy as:

“[a] combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well being (Atkinson and Messy, 2012).”

The importance of financial literacy, both in academic and policy circle, has been growing for the fact, regardless of the economic development and general literacy level of a nation, people across the world found to have a low level of financial literacy (Lusardi and Mitchell, 2011; Lusardi, 2012, Zu & Xia, 2012) which negatively affected personal financial decisions and outcomes. The repercussions of low level of financial literacy on individual household socioeconomic welling can be observed both on asset and liability side of personal balance sheet. Lack of financial literacy and suboptimal financial behaviors can hamper saving and asset accumulation on one hand, and contribute to the accumulation of debt (Lusardi & Mitchel, 2013). Lack financial literacy also affected the normal operation of financial institutions and the entire economy (Santos & Abru, 2013). Cognizant the need for improving financial literacy of individual financial education interventions have been undertaken in different countries. And studies on the role of financial education interventions both from developed and developing countries provided suggestive evidences, but not conclusive, that financial education improves financial literacy and financial behavior of individuals. Nevertheless, most of the financial education programs are motivated by the results from financial literacy surveys conducted in developed countries (Zu & Xia, 2012). Few have been known about levels of financial literacy, its determinants and its effect on personal financial decision making, in least developing countries in Africa (Messy & Monticone, 2012); hence, policy makers and practitioners in the finance sector faced the difficulty of crafting appropriate financial literacy and financial education interventions. This study; therefore aimed at filling the gap in financial literacy related studies in the context of least developing countries in East Africa, by assessing the level of financial literacy and its distribution across the demographic and socioeconomic characteristics of urban dwellers in Addis Ababa, Ethiopia.

1.1. Need for the study

The survey of financial literacy in the population is the first step in financial education, but to date, there is no national or large scale sub national survey on the financial literacy level in Ethiopia (Refera, et al, 2017), albeit the same is important to implement financial intervention policy and strategies (Holzman, 2010). Although few studies related to financial literacy or personal financial management (Refera and Kolech, 2016; Abebe et al, 2016), none of the studies conducted in the context of the general population. This study; therefore intends to fill this gap by conducting a cross sectional survey of financial literacy among urban dwellers in Addis Ababa and examining differences across demographic and socioeconomic factor in the population in order to help policy makers provide a financial literacy education to the population segments with low level of financial literacy.

1.2. Objectives of the study

The purpose of the study is to examine the financial literacy level of urban dwellers in Addis Ababa, Ethiopia across demographic and socioeconomic characteristics. In line with this the study tried to address the following specific objectives:

- To measure and describe level of financial literacy among urban dwellers in Addis Ababa, Ethiopia.
- To describe financial literacy levels by demographic and socioeconomic characteristics of urban dwellers in Addis Ababa, Ethiopia
- To identify groups with a need for financial education intervention

2. Review of Literatures on Financial literacy and Demographic Factors

Shaari, et al. (2013) examined financial literacy and its determinants among youth in Malaysia. For the purpose data were collected using questioners survey conducted with 384 convenient samples of students from local universities found a moderate level of financial literacy in which only 65% of the study answered 5-8 questions out of 12 questions used to measure financial literacy. The results of one way analysis of ANOVA indicated statistically significant differences in an overall financial literacy level by age, year of study in college, field of study and, spending habit. The regression analysis also indicated that the independent variables explained small amount of variation on the financial literacy level ($r\text{-square} = 0.067$) and out of the five independent variables, age and spending habit showed a significant negative relationship with financial literacy; whereas years of study and being a business major showed a significant positive relationship.

Nayebzadeh, Taft & Mohammadi Sadrabadi (2013) examined levels of financial literacy and its relationship with demographic characteristics: age, gender, marital status, education, employment status of professors in Yaizid Islamic Azad University, Iran. For the purpose data collected using a questionnaire survey with 93 samples selected academic staffs were analyzed using a correlation, independent sample t-test and analysis of variance (ANOVA). The results showed a low level of financial literacy among the professors (Mean=39.94 & standard dev =16.81) out of 100 point evaluation formed on the basis of 39 Likert scale questions. The study surmises that, *“university professors lack essential financial information for handling their daily financial issues.”* And level of financial literacy didn't show statistically significant differences by demographic factors, except marital status.

Suwanaphan (2013) examined the personal financial literacy of 400 sample academic support staffs of Change Mi University in Thailand. A questionnaire survey on various domains of financial literacy such as financial knowledge, skill, attitude and perceived financial knowledge was administered. The descriptive and inferential analysis techniques employed for data analysis showed that the academic support employees need to improve their knowledge of personal finance for the fact the result of the study showed low level of financial literacy with respect to all domains of financial literacy measured in the study.

Bhushan and Mudery (2013) in the study of financial literacy and its determinants in Himachl Prdish, Indi found an overall low financial literacy level (mean = 58.3 %). The results of one way ANOVA also showed statistically significant differences by gender, education, income, nature of employment, and place of work; whereas differences by age and geographic region were not significant. Specifically, their result identified a better level of financial literacy on male, on respondents with high educational attainment, high income, working in non-governmental organization, and living in urban areas.

Arshad, Nazir & Afzal (2013) in their study of financial literacy and influence of psychological factors in Pakistan investigated the effect of five psychological factors, namely: “*hopelessness, religiosity, financial satisfaction, retirement planning intention, and risk preference*” on financial literacy. The study showed that only one-third of the sample answered 55% of the questions though the response with respect to each question varies indicating low financial literacy. The OLS regression analysis in the study also revealed that independent variables explained 50% of the variation on financial literacy; of which hopelessness, retirement planning intention, gender and financial satisfaction were statically significant.

Bhattacharjee (2014) empirically examined financial literacy and its influencing factors in India using a questionnaire survey of investors in three villages of Barpeta district of Assam. The result indicated that, the majority had basic knowledge about saving account and basic financial instruments like life insurance policies, public provident fund and national saving certificate. Nevertheless, advanced knowledge pertaining to financial market instruments, existence of capital market, mutual fund were found low. The correlation and regression analysis also showed that demographic factors: education, income, age, nature of employment and place of work showed a significant relationship with level financial knowledge. Accordingly, an increase in age, income, and education were found related to high level of literacy; whereas, there was no significant effect of gender.

Meimouneh et al (2014) studied the influence of demographic factors on the financial literacy level of Uiverstiy students in Iran. The results of the one sample t-test and ANOVA had showed that gender, age, marital status, employment status, education and financial independence exerted statistically significant effect on financial literacy.

OSeifuah & Gyekye (2014) analyzed financial literacy level of undergraduate students in South Africa. A questionnaire survey with 50 undergraduate commerce students was used to collect data about the level of financial literacy across demographic, socioeconomic characteristics. A logistic regression and chi-square static employed for data analysis identified various factors related to an overall low level of financial literacy. The result showed that being male, financing college using a bank loan, participation in family financial management decision and exposure to money management course showed a significant positive relationship with financial literacy. But student with low pocket money and who comes from low income family were found to have a low level of financial literacy. The study didn't show a statistically significant difference in attitude to financial planning, recording and saving between those with high and low financial literacy.

Potrich et al (2015) empirically examined the effect of socioeconomic and demographic variables on financial literacy based on 1400 sample respondents from the state of Rio Grande do Sul, Brazil. The results of the descriptive analysis indicated that only 32.9 % of the sample was classified with high level of financial literacy. A bivariate correlation analysis in the study showed that gender, age, marital status, having dependent family members, education, incomes are associated with levels of financial literacy. Multivariate analysis employed in the study also indicated that women, respondents having dependent family members, lower level of education, low individual and family income were found with high probability of being in a low financial literacy.

Kumar & Mishra (2015) recently examined the modifiers of financial capability in India, which emphasized financial capability, which is an extension of financial literacy, using a questionnaire survey with a sample of 200 respondents in Uthra Pradish, India. The results of one way ANOVA in this study showed statistically significant differences on mean financial literacy score by gender, age, income and education.

Antonia et al (2016) studied whether financial literacy levels of middle class women and men are different. The t-test employed in this study didn't show lower financial literacy in women; rather the study concluded that middle class women in Bangkok had a high level of financial literacy and informed financial decision making behaviors, which is similar with male.

Jeyaram & Mustapha (2017) examined the relationship between financial literacy and demographic factor using primary data collected from 300 university students in Malaysia. The results of the statistical analysis showed that students majoring accounting and business administration found to have a better financial literacy than other business students. Moreover, they found a relationship between gender and level of financial literacy in that female students found to have lower levels of financial literacy than male ones.

3. Materials and Methods

Data used in the study was collected using a face to face interview with a random sample of 402 individuals in Addis Ababa Ethiopia. The data collection instrument was developed based on OECD (2013) financial literacy and financial inclusion survey framework and review of related literatures. The data analysis was conducted using descriptive and inferential statistics. The descriptive analysis tools such as frequency, percentage, measure of central tendency and measure of dispersion were employed to describe each variable in the study. And inferential statistics were employed to examine statistical differences on the overall financial literacy level across demographic and socioeconomic characteristics of the sample. The dependent variable in the study was overall financial literacy score is a ratio variable and the demographic and socioeconomic independent variables are categorical variables, thus a one way between subjects ANOVA were employed to examine whether mean financial literacy score differs by demographic and socioeconomic characteristics. Further, a Tukey's Honestly of Statistical Difference (HST) test was employed to perform multiple mean comparisons.

4. Result and Discussions

4.1. Characteristics of Respondents

The demographic characteristics of respondents relevant to the study include gender and age. The socioeconomic characteristics considered in the study are education, employment, availability of sustainable income in the household. Moreover, prior exposure to personal finance related education and training contents and the source were included as relevant characteristics of a person possibly affect the level of financial literacy and its effect on personal financial management practice and financial inclusion.

Table 1, below, summarizes the demographic and socioeconomic characteristics of the study sample.

Table 1: Sample Characteristics

Characteristics	(N=402)	Percentage
<u>Gender</u>		
Female	203	50.50
Male	199	49.50
<u>Age Category</u>		
18- 28	118	29.35
29 – 38	125	31.10
39 – 48	92	22.89
49 - 58	47	11.70
59.00+	20	4.98
<u>Educational Qualification</u>		
No Formal Education	60	14.9
Primary Education	118	29.4
Secondary Education	116	28.9
Post Secondary Education	108	26.9
<u>Employment Status</u>		
Unemployed	94	23.4
Self Employed	111	27.6
In a Paid Employment	197	49.0
<u>Income Adequacy</u>		
Yes	178	44.3
No	222	55.2

Source: Based on data from own questionnaire survey

Of the total sample, 50.5 % were female and the remaining 49.5 % male. The number of female participants in the study was slightly higher than males, which is consistent with the gender distribution of the city reported on 2015 Employment survey (CSA, 2015).

The study targeted people between 18 to 75 years. According to result on table 1, respondents in between 29 to 38 years age category constitute that around a third of the sample respondents (31.10%). The second and third largest proportion of respondents was found under 18 – 29 year and 39 – 48 year age categories which respectively accounted for 29.35% and 22.89% of the sample. The sample proportion in the older adult age categories was found to represent only a small proportion of the sample. The age profile in the sample indicated that the young adult age categories were more in the study sample which is consistent with the age distribution of the population, both at the national and regional levels in which the proportion of youngsters is large.

The distribution of the sample with respect to each of these factors summarized in table indicted that of the total sample majority (n=244) were married and the remaining 158 were single. With regard to educational attainment, the majority (n=118) attended a primary education followed by 116 respondents with secondary education level qualification and 108 respondents was found having a tertiary level college diploma and above educational qualification. And only 60 respondents reported didn't attend any formal education. So far as this study is conducted in the most urbanized city in the country (Ethiopia) it is not uncommon to find the majority have attended at least a primary education which may possibly

contribute to better financial literacy levels in the sample for the fact performing basic financial calculations and ability to read and understand personal finance related documents and other related information are possible if one has a basic general literacy in the primary education curricula. It was also observed that more than half of the sample attended beyond primary education level indicating the fact that urban dwellers in Addis Ababa, Ethiopia has the basic foundation to grasp personal finance related topics. The employment status in the sample also indicated that the majority (49%) was in paid employment status or working for salary and wage and 27.4% had been self-employed individuals who run various businesses ranging from a petty trade to formal and large business enterprises of their own. And only 23.4% of the sample was found in unemployed. Respondents' income was measured based upon their self reported answer of having or not having adequate and reliable monthly income. Accordingly, the sample proportion with no adequate and reliable income accounted 55.2%.

4.2. Basic Knowledge of Personal Finance

Financial literacy constitutes financial knowledge, financial attitude, confidence and ability in applying knowledge in the managing personal finance. Financial knowledge refers to what a person knows about the basic concept of personal finance. The financial literacy literatures and framework adopted in the current study identified 8 questions to measure financial knowledge are time value of money, knowledge about simple and compound interest, inflation, risk and return trade off, and risk diversification. Whilst some knowledge questions allow a person to give a completely free response others provide a list of possible answers, from which the respondent must choose their response. The questionnaire also encourages respondents to say don't know if they don't know the answer to something, in order to discourage them from guessing (this helps to ensure that the survey captures actual levels of knowledge rather than lucky guesses) (OECD/INEF, 2015). The responses to the 8 financial knowledge questions were captured as a categorical response designed to classify respondents based on their ability to correctly answer each question. Table 2 presents the percentage of the sample based on response to each of the basic financial knowledge questions.

Table 2: Portion of Responses to Financial Knowledge Questions

Financial Knowledge Indicators	Percentage of Responses		
	Correct	Incorrect	Don't Know
Division	94.3%	5.7%	0%
Time Value of Money	62.7%	34.8%	2.5%
Knowledge of simple interest	74.6%	21.6%	3.7%
Simple interest calculation	65.2%	29.6%	5.2%
Knowledge of interest compounding	35.6%	48.8%	15.7%
Knowledge of Inflation	67.4%	30.8%	1.7%
Knowledge of Risk return trades off	54.2%	39.8%	6.0%
Knowledge of Risk Diversification	60.9%	35.8%	3.2%

Sources: Based on data from own questionnaire survey

Results in table 2 showed that the proportion of the sample correctly answered financial knowledge questions is higher than that of incorrect and don't know responses, except for question about the compound interest calculation. The specific responses were discussed under three domains: knowledge of basic finance concepts, financial numeracy, and knowledge advanced concepts.

Three questions aimed at assessing basic concepts on personal finance were knowledge of time value of money, knowledge of simple interest, and knowledge of inflation. According to the result in table 1, these questions were correctly answered by 62.7%, 74.6% and 67.4% of the sample respectively. This suggests

that more than half of the sample understand basic concepts of personal finance, which are the bases for making various personal financial decisions like computing the cost of borrowing and determining the rate of return on saving or investment.

The result with respect to consumer numeracy also showed that 94.3% computed divisions. Similarly, calculation of simple interest on loans was correctly answered by 65.2% of the sample. Yet, a relatively complex financial calculation such as compound interest was correctly answered only by 35.6% of the sample.

The remaining 2 question asked advanced financial concepts related to risk and return trade off, and risk diversifications which are essential for the participation of a person in saving and investment, borrowing and other financial market activities. According to the result, 54.2% correctly answered risk-return trade question and 60.9% were correct about risk diversification question. These suggest that more than half of the study sample understands advanced financial concepts, although the proportion is slightly lower compared to correct responses to knowledge of basic concept in which the correct response percentage varies between 62 and 74 percent.

The overall results from table 2 have revealed a higher proportion of correct answers to 7 financial knowledge questions indicated the fact that urban dwellers in Addis Ababa, Ethiopia are acquainted with the basics of knowledge of personal finance. This can also be interpreted as the existence of foundation to and personal financial management practice among urban dwellers in Addis Ababa.

4.2.1. Development and Description of Overall Financial Knowledge Score

A financial literacy score is a composite measure of financial knowledge measurement item. A composite score can be developed using two alternative approaches. The first is a factor analysis approach which is widely considered when scoring complex data. The second approach is to give an equal weight for each component of financial knowledge. The second approach has a strong argument for the fact each of the financial knowledge components widely used in prior survey implemented in different countries and each has been identified as having equal importance by international experts (OECD, 2015: p.29). This study; therefore, followed the second approach because of the fact that financial knowledge measurement questions are assumed to have an equal importance in personal financial decision making. The financial knowledge score was; thus constructed by assigning 1 point for each correct response, and zero for incorrect and I don't know responses; which results an aggregate financial knowledge score ranging from 0 to 8. The descriptive statistics of financial literacy score developed using the above stated procedures are summarized in table 3 below. The table presents the frequency count and percentage of respondents in each scale and the cumulative percentage, followed by the measure of central tendency and variability of the score.

Table 3: Descriptive Statistics of Aggregate Financial Knowledge Score

Aggregate FKL score	Frequency (N= 402)	Percent	Cumulative Percent
1	10	2.5	2.5
2	26	6.5	9.0
3	47	11.7	20.6
4	80	19.9	40.5
5	69	17.2	57.7

6	58	14.4	72.1
7	39	9.7	81.8
8	73	18.2	100.0
Mean	5.1567		
Medina	5.00		
Mode	4.00		
Standard deviation	1.94893		

Source: field Survey 2016

Results in table 3 show a mean aggregate financial literacy score of 5.19 and a median value of 5. This can show that out of 8 points assigned for an overall basic financial knowledge score, the average observed score clustered around 5 with a 1.95 standard deviation. Nonetheless, the modal value suggested that most respondents had an aggregate score of 4; suggesting a relatively large number of individuals have below average overall financial knowledge. The standard deviations on table 2 also indicates individual scores are distributed with + or -2 points from the average. Taking the minimum and maximum value into account, the overall financial knowledge score appeared less variable, suggesting the fact that the mean value to be taken a representative score of the sample population.

In addition to a single measure of the average and standard deviation, the frequency and percentage of the sample with total number of correct answers can be observed from table 3. Accordingly, only 10 out of 402 respondents answer only 1 question, whereas 73 (18.2% of the sample) correctly answered all questions. Compared to mean number of correct responses, 40.5% are found to answer between 1 to 4 questions only. The remaining 17.5% are answered only five questions. The proportion of the sample who correctly answered 6 to 8 questions accounted only 42.3% of the sample. Consistent with the implication of individual question analysis, it is possible to infer that significant number of the sample was found to answer below the mean overall score financial literacy, which clearly suggested the importance of financial knowledge enhancement programs in the study area for a particular group of the population identified with low level of financial knowledge.

4.2.2. Financial Attitude

Attitudes and preferences are considered to be an important element of financial literacy (OECD, 2015). Financial attitude in the current study is operationally defined as beliefs and feelings about money, confidence in making personal finance decisions, satisfaction on own financial management capability, and financial condition. Financial attitude is; thus, a higher order construct measured using 11 attitude scale questions. And the factor analysis technique was employed to reduce the attitude measurement item into smaller number of components measuring similar attitude. The results of the factor analysis are discussed below.

4.2.2.1. Factor Analysis

A factor analysis technique was used to examine whether the attitude measuring items measure similar concept to be used in a summated attitude score development. The purposes of factor analysis in this study were to club variables measuring the same attitude dimension together and develop a composite attitude score. First the KMO and Bartlett's test were conducted to measure the sampling adequacy which is one of the prerequisites to perform a factor analysis. And the result presented in table showed KMO value of 0.582 which is greater than the requirement of 0.50. Similarly the Bartlett's test's of sphericity was found significant at $P < 0.01$ suggesting the sample adequacy and data suitability to conduct factor analysis.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.582
Bartlett's Test of Sphericity	Approx. Chi-Square	692.974
	Df	55
	Sig.	.000

Table 5: Total Variance Explained

Factors	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.026	18.418	18.418	2.026	18.418	18.418	1.906	17.331	17.331
2	1.831	16.648	35.066	1.831	16.648	35.066	1.654	15.032	32.363
3	1.716	15.602	50.668	1.716	15.602	50.668	1.578	14.341	46.704
4	1.092	9.926	60.594	1.092	9.926	60.594	1.528	13.89	60.594
5	0.954	8.67	69.264						
6	0.756	6.87	76.134						
7	0.705	6.411	82.544						
7	0.705	6.411	82.544						
8	0.584	5.31	87.854						
9	0.534	4.857	92.712						
10	0.453	4.12	96.831						
11	0.349	3.169	100						

Extraction Method: Principal Component Analysis.

Source: field Survey 2016

According to the total variance in table 5, only the first 4 factors with engine value greater than 1 was found to explain 60.594 % of the total variance in personal financial attitude in the sample. The first factor alone extracted 18.42% of the variance; the second factor extracted 16.65% and the third and fourth factor extracted 15.60 and 9.93% of the total variance respectively. The factor analysis employed here grouped 11 attitudinal items into four components based on the highest factor loading of the item with respect to each component as shown in table 6.

Table 6: Rotated Component Matrix

Factors	Components			
	Importance of Personal Financial Management	Money Attitude	Financial Confidence	Financial Satisfaction
Proper management of personal finance is desirable to everyone	.834			
It is important to control every financial matter on a daily base	.795			

All your financial decisions should be based on your personal financial plans	.705			
I tend to live for today and let tomorrow take care of itself*		.747		
Money is there to spent*		.708		
I find it more satisfying to spend money than to save it for the long term*		.627		
I am confident in dealing with financial affairs			.860	
I have a confidence in my personal financial decision			.827	
I will have adequate income after retirement				.769
Satisfied with my financial progress				.716
I am satisfied with my current financial condition				.618
*Extraction Method: Principal Component Analysis.				
* Rotation Method: Varimax with Kaiser Normalization. A				
* the initial response to negatively worded items were recoded				
a. Rotation converged in 5 iterations.				

Source: field Survey 2016

As can be seen from table 6, four components with higher factor extraction include different factor with a higher factor loading ranging from 0.60 to 0.86. The value of the factor loading indicates that the factor is highly correlated with a component under which it showed highest loading. Factors included under the same component are also measuring similar concepts. Accordingly, three factors showed highest loadings under the first component has been named as an attitude to the importance of personal financial management for the fact all the three factors are related to how respondents view the need for proper personal financial management practice. The second component, similarly, includes three factors which intended to measure money attitude all with significant loadings. The third factor contains two measures aimed at measuring how confident have individuals been in making personal finance decisions. And the three variables related to financial satisfaction showed a higher loading on the fourth factor. The factors are thus named as: (1) attitude to the importance of personal financial management, (2) attitude to money, (3) confidence in personal finance decision making, and (4) financial satisfaction.

Attitude to importance of personal financial management

The first attitude variable is attitude to money, which is most commonly, used financial attitude measure used in prior studies, so far reviewed, and suggested on the recent OECD financial literacy and financial inclusion survey framework. The attitude to money is measured using 3 statements with a 5 point Likert scale. These statements were also tested for reliability and validity before their inclusion on the OECD financial literacy and financial inclusion survey instrument from where they are included in the current study. The money attitude is intended to segments the study pollution into two categories. The first cohort includes people who are short term financial benefit oriented. An individual with a short term financial satisfaction attitude gives more emphasis towards short term gratification. On the other hand, the second group includes those having a long term financial satisfaction attitude. Individuals in this group are expected to have a long term financial plan, such as saving for retirement and invest in assets which can contribute to sustainable long term return. Further, money-attitude also predicts behavior towards debt management. People with a positive attitude to money and preference to long term satisfaction instead of immediate gratification can avoid using debt for consumption and unproductive purposes. In general, money attitudes contribute to predict financial practices and financial management in that people with a positive money attitude usually engaged with savvy financial practices.

Attitude to money

Attitude towards the importance of personal financial management is the second attitude variable include in this study. This variable is operationally defined extent of importance a person associated with the importance of proper personal financial management across one's lifetime. Three questions with a 5 point Likert scale type of questions was included in the survey instrument to ermine attitude towards the importance of personal financial management. The positive attitude in this respect shows the fact the person tries to enhance financial literacy and personal financial management capability. It is hypothesized that individuals with a favorable attitude to own personal financial management capability can be satisfied with how they manage their personal finance and the outcomes. Individuals with a favorable attitude towards their financial management capabilities and the outcome exerts additional efforts to improve their financial literacy and also involve in various financial management practices such as saving and investment and retirement planning to enhance their financial condition in the short and long run.

Confidence in Personal financial Decision Making

The third attitude variable is confidence in making financial decision. Confidence in making financial decision can show the extent of knowledge that a person has about the issue under consideration. The study instrument thus includes two items that capture responses in the form of a 5 point Likert scale to measure whether individuals are confident in making routine personal financial decisions and how far they are confident in the appropriateness of their past decisions.

Financial Satisfaction

The fourth attitude variable is financial satisfaction. Literatures identified financial satisfaction as outcome of financial literacy and personal management ability. (Murphy, 2013;Xiaoet al, 2014). Therefore, factors related to financial satisfaction were excluded from aggregate financial literacy and considered as a separate variable relevant for further analysis of financial literacy and financial satisfaction which is not the interest of the current article.

4.2.2.2. Summated Attitude Sores

The summated attitude scale approach was followed to develop a composite measure of financial attitude by adding original Likert scale values of individual items under each of the above four Financial Attitude components. The sum in each factor was then divided by the number of variables. The resulting composite attitude score in all of the four cases remained within the range of 1 to 5. After the summated attitude scores are computed a descriptive statics analysis was employed to examine the average attitude scores and their distribution. And the results are summarized in table 7.

Table 7. : Descriptive Statics on Smutted Attitude Scales

Financial Attitudes	Mean	Std. Deviation	Skewenes	Kurtosis
Importance of personal Financial Management	3.38	0.866	-0.46	-0.238
Money Attitude	3.31	0.94	-0.333	-0.417
Confidence in Personal financial decision	2.86	0.973	0.182	-0.729
Satisfactions on personal financial conditions	2.76	0.746	0.18	-0.083

Source: field survey, 2016

The descriptive statistics of summated financial attitude measures on table 7 show the average attitude and the distribution in the sample measured by standard deviation, skewnes and kurtosis statistics. The

original variables of financial attitude were measured using a five point Likert scale and the summated scores also assumed the same scale. The summated attitude score is expected to be in between 1 and 5 in which 1 refers to very unfavorable attitudes and 5 very favorable attitudes. The observations with respect to Attitude towards the importance of personal Financial Management was 3.38 with a standard deviation of 0.87 suggesting that the sample respondents are found to have a moderately favorable attitude towards the importance of personal financial management. Similarly, the attitude towards money also found to be moderate for the fact the mean score above 3. On the other hand confidences in making personal financial decisions and satisfaction on financial status were found to be 2.86 and 2.76 respectively.

4.2.3. Development and Description of Overall Financial Literacy Score

Financial literacy is defined as a combination of financial knowledge, financial attitude, and confidence in making financial decision. Financial knowledge is measured using eight financial knowledge quizzes which then converted into a composite financial knowledge score. Financial attitude is measured using 11 Likert scale questions which are grouped into four different components using a factor analysis technique. So far as the factor analysis and subsequently indicated that the four attitude domains we created four different composite attitude scales, specifically: money attitude, attitude towards importance of financial management, and confidences in making a financial decision as part of the overall financial literacy index. The other attitude component, financial satisfaction is considered as outcome of financial literacy and financial management in most of the previous studies. Thus, it is considered as a separate variable instead of using it as a component of the overall financial literacy score. Review of literatures includes financial satisfaction having a positive effect on savvy personal financial behaviors. Thus, the current study also employed financial satisfaction measured by a summated score of three Likert scale items measured how satisfied are individuals on their current financial condition, the progress so far they have made, and their expectation of long term financial sustainability.

The overall financial literacy score of each respondent was obtained as a sum composite financial knowledge score (8), money-attitude (5), attitude towards the importance of personal financial management (5) and confidence on financial management decision making (5), which results in an overall financial literacy score of 23. Similar to prior studies the weight given to financial attitude is more than the financial knowledge for the fact attitude and other physiological factors are more important to translate knowledge into savvy personal financial management behaviors. It can take any value between 1 and 23 and can be normalized to 100 for reporting by multiplying by 100/23. The overall financial literacy score development process followed in this study is in line with the recommended approach on OECD (2015). The descriptive statistics of composite financial literacy scores are presented in table 8.

Table 8: Descriptive Statistics on overall financial Literacy Score

Minimum	Maximum	Mean	Std. Deviation
33.33	92.75	63.9358	12.48862

Source: field survey, 2016

The overall financial literacy score can take any value between 0 and 100. It can be observed from descriptive statistics on the table 8 that an overall financial literacy score in the sample varied between 33.33 and 92.75 with a mean value of 63.94 and standard deviation of 12.49. It can be inferred from these results on average urban dwellers in Addis Ababa, Ethiopia scored more than 60 % of aggregate financial literacy scores.

4.3. Distribution Financial Literacy across Socio Demographic Characteristics

Prior studies showed that financial literacy in a population varies across socio demographic variables. Thus the objective of the study under this chapter includes examining how far financial literacy varies by demographic and socioeconomic characteristics in the population. Based on the review of related literature, it was hypothesized that the overall financial literacy level does not differ by gender, age, marital status, educational background, occupational status, availability of regular income, For the purpose the one way analysis of variance were employed and the results are summarized in table 9 below.

Table 9: Results of between Groups one way ANOVA

Demographic characteristics	N = 402	Overall Financial Literacy Score			
		Mean	Standard Deviation	F-Statistics	P-Value
Gender					
Female	203	62.4795	12.67219	5.641	.018
Male	199	65.4213	12.15110		
A. Age					
18- 28	118	62.6382	11.71341	5.773	.000
29 – 38	125	63.6116	11.76482		
39 – 48	92	68.8485	13.61301		
49 - 58	47	60.3299	12.12501		
59.00+	20	59.4928	10.91118		
B. Marital Status					
Currently not married	158	62.4427	11.70965	3.746	.054
Currently Married	244	64.9026	12.89954		
C. Level of Education					
No Formal	60	59.3841	11.79166	6.800	.000
Primary	118	61.8890	12.81936		
Secondary	116	65.4985	12.33524		
Post Secondary	108	67.0223	11.66657		
D. Employment Status					
Unemployment	94	58.2408	11.91032	16.240	.000
Self Employed	111	63.6245	11.17866		
In a Paid Employment	197	66.8285	12.55517		
E. Sustainable Income					
Yes	178	66.5323	12.38751	13.797	.000
No	222	61.9402	12.20786		

Source: Computed based on primary data from own sample survey

4.3.1. Financial literacy and Gender

The first demographic variable considered as a factor affecting financial literacy was gender. Prior studies, both in developed and developing countries, documented variation of financial literacy level by gender in which in most of the cases, females were found with lower level of financial literacy than male. Accordingly, the current study also tested a null hypothesis stating that the overall financial literacy of male and female is not different in order to examine whether the case in Addis Ababa is different. According to the results in table 9 section A, average overall financial literacy score of female was lower ($M = 62.44$, $S.D.12.67$) than that of males ($M = 65.42$, $SD = 12.15$). The average score of females was also lower than the sample mean score by more than 1 point. Whereas male respondent scored 2 points greater than the total sample average score. A one way ANOVA test also employed to test the statistical significance of financial literacy score difference by gender. A one way between subjects ANOVA results also showed a statistically significant overall financial literacy deference by gender $F(1, 400) = 5.641$ at $P = 0.018$ albeit the actual difference is small. These results have shown that at a 5% level of significance we have no evidence to accept the null hypothesis and conclude that financial literacy of urban dwellers in Addis Ababa differs by gender. This result is in line with most previous studies that documented lower level of financial literacy in women. Lusardi and Mitchell (2011) on their review of financial literacy around the world and Xu & Zia (2012) on the review of financial literacy literatures across the globe had similarly found lower financial literacy of women in various countries. Other studies (Lusardi, 2012; Lusardi and Mitchel, 2011; Bhushan and Mudery, 2013; OSeifuah & Gyekye, 2014; Shankari, K.Navarathinam & R.Suganya, 2014; Kumar & Mishra, 2015; Kapler et al, 2016) had also been reported consistent finding on the gender gap in financial literacy. Yet, there are few studies (Shaari, et al. 2013; Nayebzadeh, Taft & Mohammadi Sadrabadi, 2013) contrasting our result So far most of the prior studies showed significant financial literacy differences by gender it deems appropriate to examine the possible explanations. However, no clear explanation on why women are less financially literate to date, except explanation by Lusardi and Mitchell (2013) which suggests that female might learn financial literacy in a different ways than men and that is why female tend to show low financial literacy regardless of their age, educational level and other socioeconomic factors.

4.3.2. Financial literacy and Age

Previous studies showed that age has an impact on the level of financial literacy. In most of the prior studies, individual at younger and older age group found to have lower levels of financial literacy than people in the middle age category (Lusaardi & Mitchel, 2014; Yoshinko & Saidur Rahim, 2016). This study also examined the financial literacy level of urban dwellers across different age groups. According to the results in table 9 section B average financial literacy score increased from the younger age (18-28 years) group towards the middle age (29-38 years) and 39-48 year age groups and start declining after the age of 49. When we look at the increment, overall financial literacy showed a slight increase from respondents in 18-28 years group up to 29-38 years age group. Further, increment of age towards the medial (39-48 years) age group resulted 5.24 point increments of average financial literacy scores. Nevertheless, the overall financial literacy score showed a sharp decline to 49-58 year age group. From the middle age group towards maturing age group average financial literacy score declined by 8.52 points. The overall financial literacy score of the oldest age groups further declined by 0.84 points. Observations from the descriptive result also showed that the younger and older age groups scored below the total sample average; whereas the middle age groups scored greater than the total sample mean.

To examine the statistical significance of observed average financial literacy score by age a one way-ANOVA test for financial literacy score by age groups was conducted. First the Levene test of homogeneity of variances was performed. Accordingly, $F(4, 397) = 1.413$ at $P = 0.229$, which is greater

than 0.05. This indicates that the dependent variable has similar variability across the five age groups. The results of the ANOVA showed $F(4, 397) = 5.773$ at $P < 0.01$. This implies a statistically significant difference on financial literacy score by age at 5% level of significance. A post hoc multiple comparisons using Tukey HSD test also employed to test significance of specific mean differences.

Table 10: Post hoc Multiple Comparisons Result for Financial literacy Score by age

(I) Age Category	(J) Age Category	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
<= 28.00	29.00 - 38.00	-.97342	1.56611	.972	-5.2651	3.3183
	39.00 - 48.00	-6.21028*	1.69703	.003	-10.8607	-1.5598
	49.00 - 58.00	2.30823	2.10458	.808	-3.4591	8.0755
	59.00+	3.14542	2.95051	.824	-4.9400	11.2309
29.00 - 38.00	<= 28.00	.97342	1.56611	.972	-3.3183	5.2651
	39.00 - 48.00	-5.23686*	1.67608	.016	-9.8299	-.6438
	49.00 - 58.00	3.28165	2.08773	.516	-2.4395	9.0028
	59.00+	4.11884	2.93851	.627	-3.9337	12.1714
39.00 - 48.00	<= 28.00	6.21028*	1.69703	.003	1.5598	10.8607
	29.00 - 38.00	5.23686*	1.67608	.016	.6438	9.8299
	49.00 - 58.00	8.51851*	2.18765	.001	2.5236	14.5135
	59.00+	9.35570*	3.01033	.017	1.1063	17.6051
49.00 - 58.00	<= 28.00	-2.30823	2.10458	.808	-8.0755	3.4591
	29.00 - 38.00	-3.28165	2.08773	.516	-9.0028	2.4395
	39.00 - 48.00	-8.51851*	2.18765	.001	-14.5135	-2.5236
	59.00+	.83719	3.25752	.999	-8.0896	9.7640
59.00+	<= 28.00	-3.14542	2.95051	.824	-11.2309	4.9400
	29.00 - 38.00	-4.11884	2.93851	.627	-12.1714	3.9337
	39.00 - 48.00	-9.35570*	3.01033	.017	-17.6051	-1.1063
	49.00 - 58.00	-.83719	3.25752	.999	-9.7640	8.0896

*. The mean difference is significant at the 0.05 level.

Source: field survey, 2016

According to multiple comparison results in table 10, the mean score of the younger age groups ($M = 62.94$, $SD = 11.71$) showed a statistically significant difference from the mean scores of respondents within 39 -48 years age group ($M = 68.85$, $SD = 13.61$) at $P < 0.05$. However, comparison between the younger age and other age groups didn't show statistically significant mean differences. Comparing mean score in the 29 -38 year category with mean scores in other age categories showed a statistically significant difference only from the mean from 39-48 years category. The highest mean score of all age categories ($M = 68.85$, $SD = 13.61$) was observed within 39 – 48 years old age category. This mean score showed statistically significant differences not only from the two younger age categories, but also the mean of the remaining two older age categories showed a statistically significant mean difference from the mean in 39-48 years category. The results of the multiple comparisons corroborate the observed incremental financial literacy score towards the middle age and eventual decline in older age. Our result in this respect is consistent with existing literatures (Lusardi and Mitchel, 2011; Bhushan and Mudery, 2013; Shankari, K.Navarathinam & R., Suganya, 2014; Kumar & Mishra, 2015). According to Lusardi

and Mitchel (2011) financial literacy increased from younger age groups towards the middle age groups and eventually starts to decline when age increases with older age. Financial literacy increase along with age because of experience a person will get from previous financial decisions and learning from their mistakes (Youshinl & Saidura Rahim, 2016). Further, when an individual moves to middle age the need for financial security and wellness may also increase because of increasing personal and family financial responsibilities. This may also contribute for exerting efforts to acquire additional financial knowledge and developing a favorable financial attitude and financially savvy behaviors. The reason for declining of financial literacy in the old age could be related to decreasing cognitive ability (Agrwal et al, 2009 cited on Youshinl & Saidura Rahim, 2016; Lusardi, Miitchel & Carlo, 2011).

4.3.3. Financial Literacy and Marital Status

Marital status of respondents is one of the socio demographic variables measured with four categorical responses, namely: never married, married, widowed and divorced. As can be seen from the sample description in table 1, the numbers of divorced and widowed respondents were very small; therefore, we recoded marital status variable into a two groups. The first group includes currently not married, which includes never married, divorced, and widowed respondents; whereas the second group includes currently married respondents. To examine the significance of the overall financial literacy score by the two marital status groups a one way ANOVA was employed. According to the results in table 9 Section C, the mean overall financial literacy score of respondents who were married ($M = 62.443$, $SD = 11.71$) was lower than that of the mean score of the currently married ($M = 64.903$, $SD = 12.90$). The results of one way ANOVA also didn't show statistically significant financial literacy score differences at $P < 0.05$.

4.3.4. Financial Literacy and Education

The current study examined how far education attainment contributes to financial literacy. Based educational qualification, the sample was categorized into four different education level groups, namely: with no formal education, primary education, secondary education, and post secondary education. The descriptive results in table 9 section D indicated the average overall financial literacy score of no formal education group ($M = 59.38$, $SD = 11.79$) was the lowest of all education levels. And the score increased in a group with primary education attainment ($M = 61.89$, $SD = 12.82$), but both groups were found to have below the sample average score. On the other hand, the average scores of respondents in secondary education level ($M = 65.50$, $SD = 12.34$) and post secondary education level ($M = 67.02$, $SD = 11.67$) were found to be above the sample average. These have shown that financial literacy increases with level of education. To examine the statistical significance of the observed differences, initially the homogeneity test of variance was performed and the result showed $F(3,398) = 0.555$ at $P = 0.645$, indicating that the four education groups have similar variances. Considering this a one way ANOVA for financial literacy by level of education was conducted and the result showed $F(3, 398) = 6.80$ at $P < 0.01$, indicating significant mean financial literacy score differences in the four education levels at $P < 0.05$. This suggests a significant financial literacy score difference exists by level of education.

Table 11: Post hoc Multiple Comparison Result for Financial literacy by Level of Education

(I) Education Level	(J) Education Level1	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
No Formal Education	Primary	-2.50491	1.93858	.568	-7.5063	2.4965
	Secondary	-6.11444*	1.94420	.010	-11.1303	-1.0986

	Post Secondary	-7.63822*	1.96860	.001	-12.7170	-2.5594
Primary Education	No Formal	2.50491	1.93858	.568	-2.4965	7.5063
	Secondary	-3.60953	1.59856	.110	-7.7337	.5146
	Post Secondary	-5.13331*	1.62814	.009	-9.3338	-.9328
Secondary Education	No Formal	6.11444*	1.94420	.010	1.0986	11.1303
	Primary	3.60953	1.59856	.110	-.5146	7.7337
	Post Secondary	-1.52378	1.63483	.788	-5.7415	2.6940
Post Secondary Education	No Formal	7.63822*	1.96860	.001	2.5594	12.7170
	Primary	5.13331*	1.62814	.009	.9328	9.3338
	Secondary	1.52378	1.63483	.788	-2.6940	5.7415

*. The mean difference is significant at the 0.05 level.

Source: field survey, 2016

The post hoc multiple comparison results in table 11 revealed that the average score of respondents with no formal education level was lower than the mean of primary education level by 2.50 points, but not statistically significant. However the average score of no formal education level was lower than the secondary education levels by 6.11 which was significant $P = 0.010$. Similarly, the no formal education group a mean score lower than score of post secondary education level by 7.64 points at $P = 0.001$. The comparison between primary and secondary education was not statistically significant, although a 3.61 point increase in mean score was observed from primary to secondary education. Yet, a 5.133 point increment from primary education to post secondary education was statistically significant at $P = 0.009$. The comparison between secondary and post secondary education was not also statistically significant at the 5% level of significance despite the mean score in post secondary education level was greater by 1.52 points. The overall results suggested statistically significant effect of education on the overall financial literacy level which is similar with previous studies (Kumar & Mishra, 2015). The effect of education on a financial literacy level of urban dwellers in Ethiopia was found to be higher when one attains above primary education level.

4.3.5. Financial Literacy and Employment Status

Based upon the survey results the sample was categorized into unemployed, self-employed and working in a paid employment status. Results in table 9 section E showed that the average overall financial literacy score of the unemployed group ($M = 58.24$, $SD = 11.91$) was lower than the average score of self employed group ($M = 63.62$, $SD = 11.18$) and salaried employee group ($M = 66.83$, $SD = 12.56$). The mean score of unemployed people is lower than the sample mean score; whereas self employed ones scored near about the sample mean and employed people scored more than the sample mean. The descriptive static suggests that being employed appeared to increase the level of financial literacy. A one-way between subjects ANOVA was also conducted to compare the effect of employment status on financial literacy score. Initially Levene test of homogeneity of variance was performed and resulted $F(2, 399) = 1.116$ at $P = 0.329$ which is greater than 0.05 indicating the three employment status groups had similar variability. The ANOVA results also showed $F(2, 399) = 16.24$, $P = 0.000$ indicating a statistically significant financial literacy difference at $P < 0.05$ by the three employment status levels. A Tukey HSD test of post hoc multiple comparison test performed to identify specific mean differences between each of the employment status levels also summarized below.

Table 12: Post hoc Multiple Comparisons for overall Financial literacy by Employment status

(I) Employment Status	(J) Employment Status	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Unemployed	Self Employed	-5.38367*	1.68756	.004	-9.3536	-1.4137
	In a Paid Employment	-8.58769*	1.50923	.000	-12.1381	-5.0372
Self Employed	Unemployed	5.38367*	1.68756	.004	1.4137	9.3536
	In a Paid Employment	-3.20402	1.42885	.065	-6.5654	.1573
In a Paid Employment	Unemployment	8.58769*	1.50923	.000	5.0372	12.1381
	Self Employed	3.20402	1.42885	.065	-.1573	6.5654

*. The mean difference is significant at the 0.05 level.

Source: field survey, 2016

The post hoc comparison test indicated that the mean score for the unemployed group was statistically different from both self-employed and salaried employee groups. As can be observed on the mean difference column the mean score of unemployed respondents was lower than the mean score of the self employed by 5.38 at $P = 0.000$. And compared with a paid employment status, the mean scores of unemployed group is lower than by 8.59 points at $P = 0.00$. However the mean score of self employed was lower than that of those in a paid employment status by 3.20 points, the difference was not statistically significant at the 5% level of significance. The overall results suggest that employment status does have an effect on the financial literacy level of individuals. Specifically, our study has indicated that being employed increases the level of financial literacy. Our result in this respect is consistent with the conclusion of Lusardi and Mitchel (2013) based on review of extensive literatures, found employment as one of socioeconomic correlates of financial literacy and "... [concluded] that financial literacy is more easily acquired via interactions with others, in the workplace or in the community" to explain why both the self employed and working in a paid employment status have a better financial literacy level than unemployed people. Yet, there are few studies concluded to the contrary, such as Kummar & Annes (2013) who included employment among factors with no impact on the financial literacy level of Indians. Similarly, K Yoshihiko and Mostafa Saidur Rahim (2015) found no significant effect of employment status in Japan, but the occupation was significantly positive. Accordingly, they concluded that "[...] respondents who have exposure to a financial environment in the workplace tend to be more financially literate." In general, it is possible to surmise that employed people do have better exposure to the financial world and which contributed to additional financial literacy resulting from experience in of managing money.

4.3.6. Financial Literacy and Income

The income level of an individual is found to have a positive impact on the level of financial literacy. According to different authors, individuals with higher income group were found to have higher financial literacy than their counterparts in the lower income group. Based on the review of literatures, this study also incorporated income as one of the socioeconomic variable affecting the level of financial literacy. The OECD (2013) guideline for financial literacy and financial inclusion survey suggested data about

respondents' income should be collected by asking to amount of monthly or yearly income of individuals or by asking the respondents to which income bracket they are included. In both of cases it is found difficult to get an appropriate response because most of the time individuals were not either willing to tell at all or tell incorrect amounts. Thus, additional question from the OECD (2013) that asked the respondent whether they have a reliable and sustainable income was in our study. Therefore the effect of income on financial literacy was examined using a categorical question which makes respondents at ease in answering question related to their income. The results of descriptive statistics and one way ANOVA analysis with regard to availability of reliable and sustainable income showed variation in the level of financial literacy. As can be observed from section F in table 2, the group who replied 'Yes' to the question asking whether their household has a sustainable income scored greater average overall financial literacy than their counterparts who replied having no sustainable income by 4.59%. To examine whether the observed mean difference was statistically significant a one way between subjects ANOVA was employed. First a Leven test of homogeneity of variance analysis was conducted and the result showed a P-value greater than 0.05 indicating that the two groups have similar variability. And the test result showed $F(1, 398) = 13.797$ at $P < 0.01$ indicating a statistically significant financial literacy score difference by availability of sustainable income in the household or not. Thus we cannot accept the null hypothesis and concluded that the financial literacy level of urban dwellers in Addis Ababa varies by the sustainability of household income. And financial literacy level of individuals living in the household with sustainable income was greater. This finding coincides with earlier studies that concluded that financial literacy goes in line with increase income for additional income triggers to acquiring additional financial literacy to enhance the management and outcome of one's income.

5. Conclusions

Based the result discussed above we have concluded that urban dwellers in Addis Ababa, Ethiopia had a moderate level of overall financial literacy. Yet, the proportion of respondents below the average or median level of overall financial literacy scores is not less in number. Further results of individual financial knowledge question analysis indicate a significant number of respondents with low knowledge of personal finance. Therefore the need for financial education intervention in the population is worth considering.

The analysis of overall financial literacy scores by demographic and socioeconomic variables in the sample using a one way between subjects ANOVA and a Tukey's honesty of significance of difference indicates that overall financial literacy level varies by demographic and socioeconomic variables, with the exception of marital status, at a 95% level of confidences. Specifically the study has identified that:

- Overall financial literacy showed significant differences by gender and female was found to have lower financial literacy.
- The financial literacy score has also showed a statically significant difference by age in which individuals at the youngest and oldest category was found to have lower financial literacy scores.
- Financial literacy differs by level of education and the effect of education becomes greater when one attains above primary education level.
- The financial literacy levels have also found to vary by employment status in which unemployed people are found to be disadvantageous compared to the self employed and employed people. The difference between self employed and salaried people was not significant and this enables us to conclude employed people do have better exposure to the financial world and which possibly contributed to additional financial literacy resulting from experience in of managing money

- It has also found that financial literacy level differs by availability of sustainable income in the household in that person with no sustainable income has shown lower level of financial literacy.
- Financial literacy didn't show a statically significant difference by marital status at a 95% level of confidences, but at 90% level of confidence it has been observed married ones has a slightly higher financial literacy.

Based the findings of the study, it is suggested that financial literacy and financial education programs aimed at improving the financial literacy level of urban dwellers in Addis Ababa and other parts of the country should be implemented. The conclusions in the current study are not without limitation, for one thing this study was conducted in the context of urban dwellers in a country where the majority resides in rural area, therefore; it is relevant to consider a national survey to compare financial literacy levels of rural and urban population, which enables to come up with nationally relevant financial literacy intervention policy and strategy. Moreover, the current study didn't examine the interaction effect of independent variables show the effect size of each; thus, further studies with an objective to find out the effect of each variable and their interaction are worth considering enhancing financial literacy related literatures in the context of Ethiopia.

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